

Message Text

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12

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 FEA-01

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R 061947Z MAR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8998

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USDEL MTN GENEVA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

UNCLAS LONDON 03460

E.O. 11652: N/A

TAGS: ETRD, UK

SUBJECT: WILSON REITERATES UK OPPOSITION TO IMPORT
CONTROLS

REF: LONDON 2757

1. IN RESPONSE TO A QUESTION IN THE HOUSE OF COMMONS
ON MARCH 4, PRIME MINISTER WILSON REITERATED HIS
GOVERNMENT'S OPPOSITION TO IMPORT CONTROLS AS A
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MEANS OF DEALING WITH BRITAIN'S BALANCE OF PAYMENTS

PROBLEMS.

2. WILSON ACKNOWLEDGED THAT THERE IS "A SPECIAL TEXTILE AND FOOTWEAR PROBLEM," AND SAID THAT HE IS IN TOUCH WITH THE INDUSTRY ABOUT IT. HE THEN SAID: "I TAKE THE VIEW THAT IMPORT CONTROLS AS A GENERAL POLICY WOULD BE BAD FOR BRITAIN FROM THE POINT OF VIEW OF DEALING WITH THE BALANCE OF PAYMENTS, BECAUSE THEY WOULD HELP TO GET WORLD TRADE SPIRALLING FURTHER DOWNWARDS. I POINT OUT TO MY HONORABLE FRIEND AND TO THOSE WHO SUPPORT HIM THAT IF WE IMPOSE PHYSICAL CONTROLS TO RESTRICT IMPORTS IT WILL NOT BE AN ALTERNATIVE TO DEFLATION. WE REJECT BOTH POLICIES. WE SHOULD HAVE TO HAVE DEFLATION IN ORDER TO PREVENT A BIG INCREASE IN CONSUMPTION WHICH WOULD FRUSTRATE OUR EXPORTS."

3. COMMENT: WILSON'S STATEMENT FOLLOWS THE AFFIRMATION BY PAYMASTER GENERAL EDMUND DELL AT AN EC COUNCIL MEETING LAST MONTH (REFTEL) THAT THE UK CONSIDERS ITSELF BOUND BY INTERNATIONAL AGREEMENTS NOT TO RESTRICT IMPORTS, AND HAS EVERY INTENTION OF HONORING THOSE AGREEMENTS. WHILE WILSON CLEARLY REJECTED IMPORT CONTROLS AS A "GENERAL POLICY" FOR IMPROVING BRITAIN'S BALANCE OF PAYMENTS, HE LEFT OPEN THE POSSIBILITY OF SPECIFIC MEASURES FOR CERTAIN SECTORS. THE BRITISH GOVERNMENT IS UNDER INCREASING PRESSURE FROM CERTAIN DOMESTIC INDUSTRIES -- NOTABLY THE PRODUCERS OF TEXTILES, FOOTWEAR AND AUTOMOBILES -- TO PROVIDE SOME FORM OF IMPORT RELIEF.

RICHARDSON

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Margaret P. Grafeld
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